



## Article Side

Why Contract Mortgage Underwriting is Vital for Small Businesses by [Amitaabh Saboo](#)

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A contract mortgage underwriter plays a big role in house loan application, approval and closure. The underwriter is used by the lender to verify the borrower's credibility and creditworthiness. The professional role played by the underwriters is superior to the roles played by loan processors. The contract loan underwriter has the authority to reject a borrower's loan application file even if it has gone beyond the pre-approval stage. Contract mortgage underwriting service is hence an integral part of the house loan process. It allows the lender to ascertain the possible risk if the credit is extended to a borrower.

The procedure also entails investigations on the title to the property that a borrower wants to finance using a loan. Contract mortgage underwriting is rather complex for small businesses. The fact that these businesses are new means that they have financial problems. They cannot afford to employ enough underwriters to oversee the whole underwriting procedure. Mortgage processing is a competitive industry where small businesses have difficulties facing rivalry. Their meager working capital is shared by various departments such as accounting, finance, marketing and human resources. As a result, owners can only allocate a small portion of capital to each department.

Hiring contract mortgage underwriting companies therefore makes perfect sense. These are third parties that do house loan processing tasks. Their underwriting tasks are bought via outsourcing procedures. An outsourced underwriter owns an office with several employees scattered all over the US or overseas. For that reason, these companies are able to give small businesses quick and accurate services that they would otherwise not afford because of limited financial resources. The cost of contract mortgage underwriting is lowered by the fact that the service delivery is very quick and it is offered by an independent external contractor. Renowned service providers have trained and certified underwriters who understand the housing regulations and policies of this country.

Contract mortgage underwriting can be very tricky since the contribution of other professional like real estate attorneys and real estate appraisers is required. It first involves ascertaining the credit worthiness of each applicant. This is normally done by examining the borrower's credit score, present and past incomes and net worth in terms of assets and liabilities.

Assessment of the property is perhaps the most time consuming and tedious step that these contract mortgage underwriting companies deal with. They choose reliable real estate appraisers to determine the value of the property being mortgaged. Then they compile a report for the mortgage lender containing a number of things concerning the property. For instance, a report must confirm the following.

- That a house is being sold at a fair market price,
- That a house's condition can actually allow it to be sold
- That a house belongs to the sellers stated on the mortgage application form
- That title to the property has no liens or encumbrances
- That a house is located exactly where the borrower has stated on the application form.

Contract mortgage underwriting services can therefore be used to carry out many things about the

property being mortgaged including the tedious title search process. Small businesses cannot go wrong by ordering these services often since they can close many loans.

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a target\_new relnofollow [Mortgage Outsourcing](#) helps many companies cut costs. There are many Contract Mortgage Processor Services that cater to Mortgage Brokers and Lenders nationwide with a structured process to ensure its success.

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